

Memorandum

To: Panel Members

Date: December 13, 2001

From: Ron Tagami, Manager
Peter DeMauro, General Counsel

Analyst: D. Kendrick

Subject: One-Step Agreement for **Charter Communications Entertainment II, LLC**
www.charter.com

CONTRACTOR:

- Training Project Profile: Retraining: companies w/out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Communication
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 17,091
 - In California: 1,810
- Fringe Benefits: Yes
- Union Representation: Yes
- Name and Local Number of Union representing workers to be Trained: IBEW Local 45, Broadcast, Television & Recording Engineers

CONTRACT:

- Program Costs: \$410,449
- Substantial Contribution: \$0
- Total ETP Funding: \$410,449
- In-Kind Contribution: \$450,000
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles
- Duration of Agreement: 24 Months

TRAINING PLAN:

- | | | |
|--|--|--------------------|
| • Average Cost Trainee: | New Hire: | Retrainee: \$1,591 |
| • Type(s) of Training: | Business Skills, Continuous Improvement, Computer Skills Commercial Skills | |
| • Number to be retained: | New Hire: | Retrainee: 258 |
| • Range of hours: | 56 - 152 | |
| • Range of hourly wages: | \$11.76 to \$20.51 | |
| • Prevalent hourly wage: | \$12.76 | |
| • Weighted average hourly wage: | \$13.36 | |
| • Health benefits used to meet ETP minimum wage: | Yes. Health benefits will be added to retrainee wages to meet the ETP minimum wage of \$11.54 per hour for Los Angeles County. | |

SUBCONTRACTORS:

None

THIRD PARTY SERVICES:

Arthur Anderson helped with the development of this application and other ETP-required documents. Amount reimbursed for services is \$42,500 which the Contractor states is based on a flat rate.

NARRATIVE:

The Charter Communications Entertainment II, LLC (Charter Communications) call center is eligible for ETP funding under the standard retraining provisions of California Code of Regulations, Section 4416(a)(4), for functions and/or units of a company that provides a service in California in competition with providers of the same service which are located outside the state.

Charter Communications Entertainment II, LLC is a wholly owned subsidiary of Charter Communications, Inc. (Charter Inc.) With 17,091 workers nationwide, Charter Inc. is founded on the vision of a "Wired World™" in which cable's broadband capabilities will facilitate the convergence of television, computers, the Internet and communications.

In the past three years, Charter Communications has built and/or upgraded 98,000 miles of Fiber Optic cable and 10,000 miles of coaxial cable allowing activation of a new, two-way communications system that permits customers to experience the full range of the advanced services. In addition to regular services, Charter now has the ability to interface with its customers' advanced video and communications equipment such as High Definition Television, DVD Players, Personal Video Recorders (i.e., TiVO®, Replay®, Digital Pro Logic Systems and Personal Computers).

With the introduction of new services, Charter Communications must integrate these services and improve the level of its customer services. As part of the effort to implement a world-class customer

NARRATIVE: (continued)

care/service operation, Charter Communications is making a \$15 million investment in a new call center. This call center will allow the company to use state of the art technology and systems to consolidate the customer call activity of four systems. The call center, located in Iwindale, California, will be staffed with workers from various existing company locations. Charter Communications provides a full range of broadband services to its customers. However, these services are meaningless if the system is not operational. The customer service representatives at the call center are a key element in making sure systems are reliable. The Business Skills curriculum provides new product training that will enable representatives to work with customers to successfully install, configure and operate new equipment. It also includes courses aimed at making employees more proficient in their ability to interact with the customers by telephone. Customer Service Representatives need Computer Skills training to operate the new billing and order entry system. To reach a higher level of customer service these workers must be retrained to effectively operate new equipment. Commercial Skills and Continuous Improvement instruction are intended to give frontline workers the skills and knowledge to work in a high performance workplace environment. This will be accomplished by teaching Problem Solving Skills, Team Building and other courses geared at preparing workers to solve problems quickly at the lowest possible level, without involving management in each decision. Representatives must be proficient in the use of the most effective troubleshooting skills to make sure interruptions are immediately and correctly diagnosed and corrected.

Charter Communications realizes that its continued success is dependent on its workers. Recent technological breakthroughs, such as advanced digital technology, require employees to have skill-sets that were not previously required. The training outlined in this Agreement will provide new enhanced skills that have not been available to the call center employees in the past. Charter Communications has designed and developed courses that are based on business strategies, current technology, and are customized to support Charter Inc.'s Wired World™ Vision through world-class customer support.

This project has the support of IBEW, Local 45, Broadcast, Television and Recording Engineers.

Supplemental Nature of Training

In the past, Charter Communications has provided basic and remedial training fundamentals to its workforce. This training includes new employee orientation, the evolution of the cable industry, introduction to the billing systems, and ride-along programs with cable installation technicians.

ETP funds will allow Charter Communications to establish a training program that will remain in effect after the conclusion of the ETP-funded training. As technology and industry changes occur, Charter Communications will continue to use and modify the training plan. This program will also be used to develop and train newly-hired customer service employees.

In-Kind Contribution

Charter Communications will contribute approximately \$450,000 to this training plan. This is the estimated amount to pay employee salaries while they attend training.

COMMENTS:

The call center is a new facility and does not have an established turnover rate. The turnover rate for the Los Angeles area facilities that will provide staff for the new call center was 20.62 percent in the past calendar year.

Staff has added language to the Charter Communication's Agreement that states that the company will earn the final 25 percent of the cost per trainee only if the company reduces its overall turnover rate to 20 percent during the last 12 months of the Agreement.

Charter Communications Entertainment II, LLC is in the process of preparing documents to train technicians in a "Career Ladders" component to this Agreement. The call center opened in November and they did not wish to postpone the call center training while finalizing the "Career Ladders" program.

PROPOSED ACTION:

Staff recommends that the Panel approve the One-step Agreement if funding is available and the project meets the Panel priorities. This recommendation is based on the need as stated by Charter Communications Entertainment II, LLC, to provide its employees with skills to enhance the company's ability to remain competitive. The implementation of this proposed training will enable the company to remain viable in the California economy.

| Training Data | | | | | | | | | (c) Payment Schedule | | | | |
|---------------|---------------------------------|---|---------------|---|-------------------|---------------------------|-----------------------------|---------------------------------------|--|----------------------|----------------------|---------------------------------|--|
| 1 | 2 | 3 | 4 | 5 (a) Cls/Lab Video- conf. Hours | 6 CBT Hours | 7 (b) SOST Hours | 8 Cost Per Trainee | 9 Total SOST Trainer Hrs. | 10 Hrs. to Enroll/ Pay 1 Enroll | 11 Pay 2 Compl | 12 Pay 3 Hired | 13 Pay 4 After 90 Days | 14 (d) Wage After Reten- tion |
| Job # | Occupations | Type of Training | No. Retain | | | | | | | | | | |
| 1 | Customer Service Representative | Direct-Employer, Retrainees <i>Menu Trainees will receive one or more of the following:</i> <i>Business Skills</i> <i>Computer Skills</i> <i>Continuous Improvement</i> | 98 | 144 | | | \$1,872 | | 8 | \$ 468.00 | \$ 936.00 | \$ - | \$ 468.00 |
| 687 | | | | 144 | | | | | | | | | *\$11.76 - 14.02 |
| 2 | Customer Service Representative | Direct-Employer, Retrainees <i>Menu Trainees will receive one or more of the following:</i> <i>Business Skills</i> <i>Computer Skills</i> <i>Continuous Improvement</i> | 39 | 56 | | | \$728 | | 8 | \$ 182.00 | \$ 364.00 | \$ - | \$ 182.00 |
| 687 | | | | 56 | | | | | | | | | *\$11.76 - 19.03 |
| 3 | Customer Service Representative | Direct-Employer, Retrainees <i>Menu Trainees will receive one or more of the following:</i> <i>Business Skills</i> <i>Computer Skills</i> <i>Continuous Improvement</i> | 35 | 63 | | | \$819 | | 8 | \$ 204.75 | \$ 409.50 | \$ - | \$ 204.75 |
| 687 | | | | 63 | | | | | | | | | \$12.76 - 16.67 |

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

| Training Data | | | | | | | | | (c) Payment Schedule | | | | |
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| Job # | Occupations | Type of Training | No. Retain | | | | | | | | | | |
| 4 | High Speed Data Specialist | Direct-Employer, Retrainees <i>Menu Trainees will receive one or more of the following:</i> <i>Business Skills</i> <i>Computer Skills</i> <i>Continuous Improvement</i> | 86 | 152 | | | \$1,976 | | 8 | \$ 494.00 | \$ 988.00 | \$ - | \$ 494.00 |
| 687 | | | | 152 | | | | | | | | | \$13.76 - 20.51 |

Contract Totals

| | | | | |
|--|-----|-----------|-----------------------------|-----|
| Program Cost | | \$410,449 | Total to be Retained | 258 |
| Substantial Contribution (___%) | (-) | \$0 | | |
| Multiple-Empl. Support (___%) | (+) | \$0 | | |
| TOTAL ETP Funding | (=) | \$410,449 | | |

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

| Turnover Rate | % of Mgrs. & Sups. to be trained | | Health Benefits Inc. in Wage? | | |
|---------------|----------------------------------|--|-------------------------------|--|--|
| 20.0% | 0.0% | | Yes | | |

Location of training: All training will be provided on company premises in Irwindale, California during work hours.

Ratios: The ratio of trainers to trainees for class/lab training shall not exceed 1:20 for retrainees.

*If Health Benefits is "YES", please explain: Health benefits will be added to retrainee wages to meet the ETP minimum wage of \$11.54 per hour for Los Angeles County.

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